

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20
AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 /107 W
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R 142001Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7735
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
AMEMBASSY BRUSSELS
AMEMBASSY LUXEMBOURG
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY DUBLIN
AMEMBASSY COPENHAGEN

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: SETTLEMENT IN METAL MANUFACTURING AND THE
PUBLIC SERVICES MAY AFFECT PENDING BARGAINING RESULTS
IN OTHER ECONOMIC SECTORS

REF: (A) BONN 06181; (B) BONN 05971; (C) BONN 05918;
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(D) DUSSELDORF 0626

SUMMARY: THE SETTLEMENT IN THE NORTH BADEN-WUERTTEMBERG
METAL MANUFACTURING INDUSTRY (REF A) HAS BEEN TAKEN AS
A MODEL FOR SIMILAR AGREEMENTS IN THE OTHER METAL
INDUSTRY SECTORS OF THE FRG. IT HAS ALSO INFLUENCED THE
AGREEMENT FOR BLUE COLLAR WORKERS AND SALARIED EMPLOYEES

IN THE PUBLIC SERVICE WHICH PROVIDED FOR A 4.5 PERCENT PAY INCREASE AND AN ADDITIONAL TWO DAYS OF ANNUAL LEAVE. WAGE NEGOTIATIONS ARE NOW UNDER WAY IN CONSTRUCTION, CHEMICALS, PRINTING, PRIVATE BANKING AND INSURANCE. GOVERNMENT AUTHORITIES HAVE VIEWED WITH RELIEF THE TWO SETTLEMENTS IN METAL AND PUBLIC SERVICE WHICH THEY CONSIDER AS THE PACEMAKER FOR THIS YEAR, BUT WARNED THAT THE METAL SETTLEMENT IN PARTICULAR WAS AT "THE TOLERABLE MARGIN." END SUMMARY.

1. THE AGREEMENT IN THE NORTH BADEN-WUERTTEMBERG METAL INDUSTRY (REF A), GENERALLY CALLED THE "STEINKUEHLER MODEL", WAS ADOPTED WITHOUT CHANGES FOR THE SOUTH-WUERTTEMBERG-HOHENZOLLERN AND SOUTH-BADEN BARGAINING AREAS. IN HESSE, RHINELAND-PALATINATE AND THE SAAR-LAND, THE PAY INCREASE OF 5 PERCENT WAS ADOPTED BUT A PROVISION MAKING IT RETROACTIVE TO JANUARY 1 WAS SUBSTITUTED FOR THE FIXED SUM PAYMENT TO WORKERS IN BADEN-WUERTTEMBERG. THE JOB SECURITY CLAUSES IN THE NORTH BADEN-WUERTTEMBERG AGREEMENT WERE MODIFIED TO REGIONAL REQUIREMENTS, AND MADE EFFECTIVE BEGINNING SEPTEMBER 1. IN NORTH RHINE-WESTPHALIA, THE JOB SECURITY CLAUSES WERE NOT A FACTOR IN THE NEGOTIATIONS AND THE AGREEMENT PROVIDED FOR A LUMP-SUM COMPENSATION OF DM 440 TO COVER THE 4-MONTHS PERIOD JANUARY THROUGH APRIL (REF D). A 5 PERCENT PAY INCREASE, EITHER UNCLASSIFIED

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APPLIED RETROACTIVELY TO JANUARY 1 OR WITH A FIXED SUM PAYMENT WAS ALSO NEGOTIATED IN LOWER SAXONY, HAMBURG AND SCHLESWIG-HOLSTEIN, AND BAVARIA. THE JOB SECURITY CLAUSES (REF A) DID NOT PLAY ANY ROLE IN THESE NEGOTIATIONS.

2. NEGOTIATIONS IN GOVERNMENT ADMINISTRATION AND PUBLIC UTILITIES HAD BEEN DELIBERATELY DELAYED PENDING THE OUTCOME OF THE WAGE DISPUTE IN THE METAL MANUFACTURING INDUSTRY. AFTER A METAL SETTLEMENT WAS REACHED, A RELATIVELY QUICK AGREEMENT WAS CONCLUDED BETWEEN GOVERNMENT AND PUBLIC SERVICE UNION REPRESENTATIVES ON APRIL 11/12. THE NEW AGREEMENT PROVIDES FOR A STRAIGHT 4.5 PERCENT PAY INCREASE RETROACTIVE TO MARCH 1, AND A 2-DAY INCREASE IN ANNUAL LEAVE FOR ALL WORKERS AND SALARIED EMPLOYEES IN THE LOWER AND MIDDLE WAGE GROUPS. SALARIED EMPLOYEES IN THE HIGHER CATEGORIES WILL GET ONE ADDITIONAL DAY, WHILE THOSE IN THE VERY TOP GROUP WILL GET NONE. EVENTUALLY, THE UNION HOPES TO OBTAIN EQUAL LEAVE FOR ALL BLUE COLLAR WORKERS AND SALARIED EMPLOYEES REGARDLESS OF SALARY GROUPS, BUT WITH SOME AGE DIFFERENTIALS. ALL GOVERNMENT

EMPLOYEES, FOR EXAMPLE, OVER 40 YEARS OF AGE WOULD
RECEIVE SIX WEEKS OF PAID VACATION PER YEAR, A BENEFIT
NOW LIMITED TO THE UPPER SALARY GROUPS.

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3. BOTH GOVERNMENT AND UNION REPRESENTATIVES HAVE RE-
FUSED TO ASSESS THE MONETARY VALUE OF THE TWO ADDI-
TIONAL VACATION DAYS, BUT GOVERNMENT REPRESENTATIVES
HAVE CLAIMED THAT THIS PROVISION WILL ASSIST THE
GOVERNMENT'S GOAL OF CREATING ADDITIONAL JOBS IN THE
PUBLIC SERVICES. VARIOUS ESTIMATES ON THE ACTUAL

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COST OF THE VACATION PROVISION RANGE BETWEEN 0.3 AND 0.9 PERCENT.

4. THE PUBLIC SERVICE AGREEMENT CONCLUDED SEPARATELY BY THE GOVERNMENT WITH THE DGB PUBLIC SERVICE AND TRANSPORT WORKERS UNION (OETV) AND POSTAL WORKERS UNION (DPG), AND A COLLECTIVE BARGAINING COMMITTEE OF NON-DGB UNIONS LED BY THE GERMAN SALARIED EMPLOYEES UNION (DAG), COVERS OVER 2.2 MILLION BLUE COLLAR WORKERS AND SALARIED EMPLOYEES IN FEDERAL, STATE (LAND) AND LOCAL GOVERNMENT ADMINISTRATIONS, THE PUBLIC UTILITIES AND THE POSTAL SERVICE. UNION EFFORTS TO EXTEND THE SETTLEMENT TO THE FEDERAL RAILWAYS AS IT HAD DONE IN THE PAST FAILED THIS YEAR. THE EXECUTIVE BOARD OF THE FEDERAL RAILWAYS, PROMPTED BY WEAK FINANCIAL SITUATION, DECIDED NOT TO GO BEYOND THE ORIGINAL OFFER OF A 3.7 PERCENT PAY INCREASE AND ONE ADDITIONAL DAY OF VACATION. THAT DISPUTE WILL NOW GO TO CONCILIATION.

4. AS USUAL, CIVIL SERVANTS WHOSE SALARIES AND WORKING CONDITIONS ARE REGULATED BY LAW WILL BENEFIT FROM THE SETTLEMENTS OBTAINED UNDER COLLECTIVE BARGAINING FOR THE GOVERNMENT BLUE COLLAR WORKERS AND SALARIED EMPLOYEES. THE FEDERAL AND STATE (LAND) GOVERNMENTS WILL ADOPT IDENTICAL INCREASES IN PAY AND VACATION FOR THE 1.5 MILLION CIVIL SERVANTS.

5. FEDERAL ECONOMICS MINISTER GRAF LAMBSDORFF (FDP) MET WITH DGB PRESIDENT VETTER ON APRIL 10 "TO CLARIFY POSITIONS" ON THE EMPLOYERS' RIGHT TO LOCKOUT WHICH HAD LED TO A PUBLIC DISPUTE BETWEEN VETTER AND THE UNIONS ON THE ONE SIDE AND LAMBSDORFF AND THE FDP ON THE OTHER

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(REF C). THE DISCUSSION WAS CONFIDENTIAL, BUT NEWS LEAKS INDICATED THAT THE SUBJECTS COVERED WENT FAR BEYOND LOCKOUTS AND INCLUDED A WIDE SPECTRUM OF ECONOMIC POLICY ISSUES. LAMBSDORFF AND VETTER AGREED TO RESUME THEIR CONVERSATIONS EARLY IN MAY.

6. COLLECTIVE BARGAINING NEGOTIATIONS ARE PENDING IN THE CONSTRUCTION INDUSTRY, CHEMICAL INDUSTRY AND IN PRIVATE BANKING AND WILL OPEN EARLY NEXT WEEK IN PRINT-

ING WHERE THE WAGE ISSUE WAS EXCLUDED FROM THE RECENT DISPUTE OVER JOB PROTECTION FOR SKILLED WORKERS AFFECTED BY TECHNOLOGICAL CHANGES. OBSERVERS EXPECT THAT THE 5 PERCENT MODEL NEGOTIATED IN METAL MANUFACTURING WILL HAVE A DECISIVE IMPACT ON THE OUTCOME OF WAGE NEGOTIATIONS IN THESE SECTORS WITH MODIFICATIONS REFLECTING DIFFERING REQUIREMENTS AND THE BARGAINING LEVERAGE OF THE VARIOUS UNIONS.

7. COMMENT: THE 1978 WAGE ROUND OPENED ON A PARTICULARLY SHRILL PUBLIC EXCHANGE OF ACCUSATIONS AND THREATS BETWEEN EMPLOYERS AND UNIONS RARELY HEARD IN POST-WAR GERMAN INDUSTRIAL RELATIONS. THE VERBAL DUELS WERE ACCOMPANIED BY AN UNCOMMONLY WIDESPREAD WAVE OF STRIKES AND LOCKOUTS COSTLY TO BOTH SIDES. NOW IT APPEARS THAT BY THE END OF APRIL OR EARLY MAY THE 1978 WAGE ROUND WILL BE VIRTUALLY COMPLETED AND THE MATERIAL AND PSYCHOLOGICAL EFFECTS AS WELL AS THE POLITICAL IMPLICATIONS CAN BEGIN TO BE EVALUATED. STOESEL

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